

## Message Text

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ACTION NEA-10

INFO OCT-01 AF-08 EUR-12 ISO-00 EB-08 FEA-01 AGRE-00  
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04  
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /105 W  
-----151004Z 035925 /23-12

R 150644Z MAR 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4286

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

C O N F I D E N T I A L BAGHDAD 0455

ATHENS FOR RTDO

E.O. 11652: GDS

TAGS: ETRD, IZ

SUBJECT: BOYCOTT: GOI MAY BE TAKING STEPS TO DEVELOP  
ALTERNATIVE SOURCES TO U.S. SUPPLIERS

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1. SUMMARY: BUSINESSMEN REPORT THREE MINISTRIES HAVE  
ISSUED INSTRUCTIONS NOT TO BUY DIRECTLY FROM U.S.  
SUPPLIERS BECAUSE OF U.S.-IRAQI DIFFERENCES OVER ARAB  
BOYCOTT OF ISRAEL. FOREIGN MINISTRY OFFICIALS DENY  
THAT MFA HAS ISSUED GENERAL CIRCULAR TO GOI MINISTRIES  
TO DEVELOP ALTERNATIVE SOURCES TO U.S. SUPPLIERS.

END SUMMARY.

2. THREE BUSINESSMEN REPRESENTING U.S. FIRMS HAVE INFORMED US THAT THE MINISTRIES OF HEALTH, AGRICULTURE AND HIGHER EDUCATION AND SCIENTIFIC RESEARCH HAVE ISSUED DIRECTIVES SAYING THEIR PURCHASING DEPARTMENTS CANNOT BUY DIRECTLY FROM U.S. FIRMS, BUT MAY PURCHASE U.S. PRODUCTS INDIRECTLY THROUGH THIRD COUNTRY FIRMS. IN ADDITION, USUALLY RELIABLE SOURCE TOLD US THAT THE MINISTRY OF FOREIGN AFFAIRS HAS ISSUED A SECRET CIRCULAR APPROVED BY THE REVOLUTIONARY COMMAND COUNCIL SAYING THAT BECAUSE U.S. FIRMS CANNOT SIGN CONTRACTS INCLUDING BOYCOTT CLAUSES AND BECAUSE OF IRAQI POLICY OF REQUIRING SUCH CLAUSES, GOI MINISTRIES SHOULD DEVELOP ALTERNATIVE SOURCES TO U.S. SUPPLIERS.

3. PRINCIPAL OFFICER AND COMMERCIAL ATTACHE CALLED ON MINISTRY OF FOREIGN AFFAIRS DIRECTOR FOR BOYCOTT, HASSAN ABDUL HAMEED, AND DIRECTOR GENERAL FOR POLITICAL AFFAIRS, WISSAM SHAWKAT AL-ZAHAWI, MARCH 13 TO DISCUSS WHETHER THE GOI HAD ISSUED SUCH CIRCULAR. BOTH MFA OFFICIALS DENIED THAT ANY SUCH CIRCULAR HAD BEEN ISSUED. HOWEVER, BOYCOTT DIRECTOR HAMEED SAID THAT DEVELOPMENT OF ALTERNATIVE SOURCES TO U.S. SUPPLIERS WAS IN LINE WITH PUBLIC REMARKS MADE BY ARAB LEAGUE BOYCOTT COMMISSIONER GENERAL AFTER OCTOBER 1976 BOYCOTT LIAISON OFFICERS MEETING IN BAGHDAD. BOTH HAMEED AND ZAHAWI OFFERED SPECULATION THAT THE THREE MINISTRIES

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CONCERNED MAY HAVE BEEN ACTING ON THEIR OWN IN LIGHT OF THE PROSPECTS FOR TIGHTER U.S. ANTIBOYCOTT LEGISLATION. ACCORDING TO HAMEED, IRAQI GOVERNMENT IS DETERMINED TO COMPLY WITH ALL BOYCOTT REQUIREMENTS INCLUDING NEGATIVE CERTIFICATION OF ORIGIN AND MINISTRIES MAY NOW WISH TO AVOID THE POTENTIAL PROBLEMS INVOLVED IN DEALING WITH U.S. FIRMS.

4. PRINCIPAL OFFICER AND COMMERCIAL ATTACHE TOLD BOTH HAMEED AND ZAHAWI THAT THEY HOPED THE IRAQI GOVERNMENT WOULD NOT ACT PRECIPITOUSLY AND WOULD AWAIT THE OUTCOME OF U.S. LEGISLATIVE PROCESS BEFORE DECIDING ON ITS COURSE OF ACTION.

5. COMMENT: WE HAVE NO WAY OF KNOWING WHETHER MINISTRY OF FOREIGN AFFAIRS DENIALS OF CIRCULAR ARE TRUTHFUL SINCE DIRECTIVE WAS ALLEGED TO BE SECRET. IT IS QUITE POSSIBLE THAT OFFICIALS OF MINISTRIES OF HEALTH, EDUCATION AND AGRICULTURE WERE ACTING ON

THEIR OWN ACCORD IN LIGHT OF PENDING U.S. LEGISLATION.  
SO FAR GOI HAS DEMONSTRATED NO INCLINATION TO  
ACCOMMODATE ITS BOYCOTT POLICIES TO U.S. CONCERNS  
AND IT SEEMS APPARENT THAT U.S. TRADE WITH IRAQ HAS  
ALREADY BEEN IMPEDED BY PUBLICITY ON U.S. ANTI-  
BOYCOTT LEGISLATION.  
WILEY

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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